

Introduced by Senator Gaines

February 21, 2014

An act to add and repeal Section 17054.6 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1376, as introduced, Gaines. Personal income taxes: credit: health care coverage.

The Personal Income Tax Law allow various credits against the taxes imposed by that law.

This bill, for taxable years beginning on or after January 1, 2014, and before January 1, 2016, would allow a credit equal to 50% of the annual premium amount paid or incurred for an individual health care service plan contract or individual policy of health insurance during the taxable year by a qualified taxpayer, which is defined as an individual whose individual health care service plan contract or individual policy of health insurance was canceled between December 31, 2013, and December 31, 2014, inclusive, and, with respect to the purchase of a new individual plan contract or policy, the individual was not eligible for a federal subsidy or a federal health care tax credit, as specified.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 17054.6 is added to the Revenue and
- 2 Taxation Code, to read:

1 17054.6. (a) For each taxable year beginning on or after
2 January 1, 2014, and before January 1, 2016, there shall be allowed
3 as a credit against the “net tax,” as defined in Section 17039, an
4 amount equal to 50 percent of the annual premium amount paid
5 or incurred during the taxable year by a qualified taxpayer for an
6 individual health care service plan contract or individual policy of
7 health insurance.

8 (b) For the purposes of this section, the following definitions
9 shall apply:

10 (1) “Individual health care service plan contract” means a plan
11 contract, as defined in Section 1345 of the Health and Safety Code,
12 issued to an individual.

13 (2) “Individual policy of health insurance” means a policy issued
14 to an individual for health insurance, as defined in Section 106 of
15 the Insurance Code.

16 (3) “Qualified taxpayer” means an individual, including an
17 individual with dependents, whose individual health care service
18 plan contract or individual policy of health insurance was canceled
19 between December 31, 2013, and December 31, 2014, inclusive,
20 pursuant to paragraph (5) or (6) of subdivision (a) of Section 1365
21 of the Health and Safety Code, or subdivision (d) or (e) of Section
22 10273.6 of the Insurance Code and, with respect to the purchase
23 of a new individual plan contract or policy, the individual was not
24 eligible for a federal subsidy for reduced cost sharing for
25 individuals enrolling in qualified health plans as described in
26 Section 18071 of Title 42 of the United States Code or a federal
27 health care tax credit as described in Section 36B of Title 26 of
28 the Internal Revenue Code.

29 (c) In the case where the credit allowed by this section exceeds
30 the “net tax,” the excess may be carried over to reduce the “net
31 tax” in the following year, and succeeding seven years if necessary,
32 until the credit is exhausted.

33 (d) A deduction otherwise allowed under this part for any
34 amount paid or incurred by the qualified taxpayer upon which the
35 credit is based shall be reduced by the amount of the credit allowed
36 by this section.

37 (e) Credit under this section shall be allowed only for credits
38 claimed on a timely filed original return of the qualified taxpayer.

1 (f) (1) The Franchise Tax Board may prescribe rules, guidelines,
2 or procedures necessary or appropriate to carry out the purposes
3 of this section.

4 (2) Chapter 3.5 (commencing with Section 11340) of Part 1 of
5 Division 3 of Title 2 of the Government Code does not apply to
6 any standard, criterion, procedure, determination, rule, notice, or
7 guideline established or issued by the Franchise Tax Board
8 pursuant to this section.

9 (g) This section shall be repealed on December 1, 2016.

10 SEC. 2. This act provides for a tax levy within the meaning of
11 Article IV of the Constitution and shall go into immediate effect.